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Message Text

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ORIGIN ARA-10

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APPROVED BY ARA:WDROGERS
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AA/LA:HKLEINE
S/S - MR. ORTIZ
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O 172255Z MAR 76
FM SECSTATE WASHDC
TO AMEMBASSY GUATEMALA IMMEDIATE

C O N F I D E N T I A L STATE 065139

FOR AMBASSADOR FROM ROGERS

EO. 11652: GDS

TAGS:SWEL, MASS, GT

SUBJECT: RECONSTRUCTION ASSISTANCE FOR GUATEMALA

REFERENCE: GUATEMALA 1943

1. AS YOU RECALL, SECRETARY, IN CONVERSATION WITH MOLINA, UNDERTOOK TO SUPPORT U.S. ASSISTANCE FOR BOTH EMERGENCY RELIEF AND RECONSTRUCTION PROGRAM BEFORE THE CONGRESS. DRAWING UPON THE FOLLOWING ITEMS, I SUGGEST YOU SEE MOLINA AND BRIEF HIM ON WHAT SECRETARY HAS
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DONE AS FOLLOW-UP TO HIS CONVERSATIONS IN COSTA RICA

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AND GUATEMALA.

2. SECRETARY'S TESTIMONY BEFORE HOUSE INTERNATIONAL RELATIONS COMMITTEE, MARCH 4:

QUOTE:

AND AS I MENTIONED EARLIER THERE IS ALSO BEFORE YOU THE PRESIDENT'S SPECIAL REQUEST FOR LEGISLATION TO PROVIDE DOLS 25 MILLION FOR THE RELIEF OF THE SUFFERING AND HOMELESS IN GUATEMALA. I CANNOT STRESS THE URGENCY OF THIS LEGISLATION TOO MUCH, FOR THE WET SEASON IN

THE HIGHLANDS IS FAST APPROACHING AND, UNLESS THE ONE MILLION HOMELESS GET ROOFS OVER THEIR HEADS, THE RAINS WILL ADD NEW STORES OF HUMAN MISERY AND SUFFERING IN THAT STRICKEN LAND. LATER TODAY, A SUBCOMMITTEE OF YOUR COMMITTEE WILL BE HEARING TESTIMONY ON BEHALF OF THE PROPOSAL. (FYI: KLEINE AND WEISSMAN BEFORE DIGGS SUB-COMMITTEE. END FYI.) I URGE YOUR FULL SUPPORT FOR THIS FIRST EFFORT TO BRING TIMELY ASSISTANCE TO THE VICTIMS OF THIS DISASTER. WE WILL REPORT TO YOU AT A LATER DATE ABOUT THE NEED FOR UNITED STATES ASSISTANCE IN THE SUBSEQUENT REHABILITATION AND RECONSTRUCTION PHASES OF THE DISASTER.

UNQUOTE.

3. QUESTION BY CONGRESSMAN BUCHANAN OF ALABAMA AND SECRETARY'S ANSWER:

QUOTE:

IS IT NOT TRUE THAT IF THERE IS NOT EMERGENCY WORK DONE NOW THAT WHEN THE RAINS COME THERE IS EVERY LIKELIHOOD OF FLOODING AND FURTHER LOSS OF HUMAN LIFE?

SECRETARY KISSINGER: THAT IS ABSOLUTELY TRUE. I WOULD INCIDENTALLY LIKE TO MAKE CLEAR THAT THE DOLS 25 MILLION WE HAVE REQUESTED FOR EMERGENCY ASSISTANCE, THAT WE CONFIDENTIAL

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WILL NEED SOME ADDITIONAL FUNDS FOR MIDDLE TERM ASSISTANCE AND WE ARE DEVELOPING A PROGRAM WHICH WE HOPE TO BE SUBMITTING WITHIN THE NEXT TWO WEEKS. THE CRITICAL PERIOD IS TO GET AS MUCH SHELTER AS IS POSSIBLE BEFORE THE BEGINNING OF MAY WHEN THE RAINS WILL START IN EARNEST AND WE WOULD APPRECIATE WHATEVER CAN BE DONE TO EXPEDITE THIS REQUEST FOR DOLS 25 MILLION.

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UNQUOTE.

4. FOR BACKGROUND INFORMATION, FOLLOWING IS BRIEFING MEMORANDUM ON GUATEMALA PREPARED FOR SECRETARY'S APPEARANCE BEFORE SENATE FOREIGN RELATIONS COMMITTEE. SUBJECT OF GUATEMALA WAS NOT INCLUDED IN SECRETARY'S REMARKS BEFORE COMMITTEE BUT FOLLOWING CAN BE TAKEN AS GUIDELINE ON HOW DEPARTMENT AND A.I.D. PROPOSE TO HANDLE RECONSTRUCTION ASSISTANCE TO GUATEMALA.

QUOTE:

CHECKLIST:

- DOLS 25 MILLION EMERGENCY AID BILL: THANK THE SENATE FOR THEIR QUICK ACTION ON THE AUTHORIZATION PROCESS AND URGE SPEEDY PASSAGE OF THE NECESSARY APPROPRIATIONS BILL.

- RECONSTRUCTION: RESTATE OUR FIRM INTENTION TO ASSIST IN THE DIFFICULT AND COSTLY RECONSTRUCTION EFFORT AHEAD.

SETTING:

WHILE IN GUATEMALA ON FEBRUARY 24, YOU DISCUSSED WITH THE GOG PRESIDENT AND FOREIGN MINISTER THE QUESTION OF U.S. ASSISTANCE FOR RECONSTRUCTION. THE SUM OF DOLS 100 MILLION WAS MENTIONED BY AMBASSADOR MELOY AS AN ESTIMATE OF A POSSIBLE U.S. CONTRIBUTION. MELOY SAID HE WOULD ANALYZE RECONSTRUCTION NEEDS AND COME UP WITH A SET OF RECOMMENDATIONS.

THERE IS AT PRESENT A BILL BEFORE THE CONGRESS FOR A CONFIDENTIAL

GRANT OF DOLS 25 MILLION TO GUATEMALA FOR EMERGENCY ASSISTANCE. IN YOUR APPEARANCE BEFORE THE HOUSE INTERNATIONAL RELATIONS COMMITTEE LAST WEEK, YOU URGED SPEEDY PASSAGE OF THIS BILL. YOU ALSO MENTIONED IN GENERAL TERMS THE NEED FOR AN ADDITIONAL U.S. CONTRIBUTION FOR RECONSTRUCTION, BUT NO FIGURES WERE GIVEN. IN YOUR APPEARANCE BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE THIS WEDNESDAY, YOU CAN MAKE AN ADDITIONAL APPEAL FOR QUICK PASSAGE OF THE DOLS 25 MILLION EMERGENCY RELIEF BILL (IT HAS ALREADY PASSED THE AUTHORIZATION PROCESS IN THE SENATE). YOU CAN ALSO MENTION THE NEED FOR ADDITIONAL RECONSTRUCTION ASSISTANCE AND SAY THAT OVER THE NEXT SEVERAL YEARS WE PLAN TO REQUEST FROM THE CONGRESS THE NECESSARY MONIES FOR THIS PURPOSE, TO BE CHANNELED THROUGH OUR REGULAR BILATERAL A.I.D. PROGRAM.

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BACKGROUND/ANALYSIS:

THE GOG'S INITIAL FINANCIAL PLANS CALL FOR A TOTAL RE-CONSTRUCTION EXPENDITURE OF APPROXIMATELY DOLS 745 MILLION, BROKEN DOWN AS FOLLOWS: GOG - DOLS 147 MILLION; PRIVATE SECTOR - DOLS 327 MILLION; FOREIGN LOANS - DOLS 184 MILLION AND GRANTS - DOLS 87 MILLION. OF THE DOLS 271 MILLION IN GRANT AND LOAN AID, THE GOG IS PROJECTING A U.S. CONTRIBUTION OF DOLS 80 MILLION, WHICH INCLUDES THE DOLS 25 MILLION GRANT NOW BEFORE CONGRESS. THE IDB AND IBRD ARE ALSO BEING CALLED ON

THE INTERNATIONAL LENDING INSTITUTIONS WILL BE FORTHCOMING IN PROVIDING A LARGE AMOUNT OF ASSISTANCE. A.I.D. ALSO PLANS TO BE AS FORTHCOMING AS POSSIBLE, BUT GIVEN THE STATE OF THE GOG'S ADMINISTRATIVE STRUCTURE AND THE LARGE SUMS OF MONEY THAT WILL BE MADE AVAILABLE BY OTHER INSTITUTIONS, THE EMBASSY AND A.I.D. HAVE SOME SERIOUS QUESTIONS AS TO THE ABILITY OF GUATEMALA TO ABSORB AND PROPERLY UTILIZE A SUM AS LARGE AS DOLS 100 MILLION IN U.S. BILATERAL AID, EVEN OVER THE NEXT FOUR TO FIVE YEARS. EVEN BEFORE THE EARTHQUAKE STRUCK, THE RELATIVELY LARGE QUANTITY OF EXTERNAL DEVELOPMENT ASSISTANCE FUNDS RECENTLY MADE AVAILABLE TO GUATEMALA MULTILATERALLY (ALMOST DOLS 300 MILLION OF WHICH IS STILL IN THE PIPE-
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LINE) HAD RAISED DOUBTS AS TO THE GOG'S ABSORPTIVE CAPACITY. IN ADDITION, GUATEMALA'S GENERALLY WEAK PERFORMANCE IN MOBILIZING DOMESTIC RESOURCES FOR DEVELOPMENTAL PURPOSES LEAVES A SUBSTANTIAL MARGIN FOR INCREASED SELF-HELP EFFORTS IN MEETING RECONSTRUCTION NEEDS. IT WILL TAKE CONSIDERABLE TIME TO WORK OUT DETAILED PROGRAMS FOR U.S. ASSISTANCE AND TO ARRIVE AT A FIRM FIGURE FOR THE AMOUNT OF MONEY WE CAN USEFULLY PROVIDE.

THUS, WE PREFER NOT TO USE DOLS 100 MILLION AS A TARGET FIGURE BUT RATHER TO INFORM THE CONGRESS THAT RE-CONSTRUCTION COSTS WILL BE SUBSTANTIAL AND THAT THE U.S. INTENDS TO ASSIST:

(1) THROUGH ITS BILATERAL A.I.D. LOAN AND GRANT PROGRAM, WHICH WILL BE REDRAWN TO REFLECT CURRENT AND LONG-TERM NEEDS AND PRIORITIES, AND

(2) THROUGH OTHER U.S. GOVERNMENT ACTIVITIES, SUCH AS THE HOUSING INVESTMENT GUARANTY PROGRAM, EX-IM, FOOD FOR PEACE TITLE II, PEACE CORPS, ETC.

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TALKING POINTS:

--THANK THE SENATE FOR ACTING SO QUICKLY TO PASS THE DOLS 25 MILLION EMERGENCY RELIEF AND REHABILITATION BILL FOR GUATEMALA. YOU HOPE THE APPROPRIATION PROCESSS CAN BE COMPLETED SOON AS THE NEED FOR THESE FUNDS IS EXTREMELY URGENT AND A GREAT DEAL REMAINS TO BE DONE BEFORE THE RAINY SEASON BEGINS IN MAY.

--RECONSTRUCTION NEEDS WILL BE HEAVY AND YOU WANT TO ASSURE THE CONGRESS THAT THE U.S. INTENDS TO ASSIST. DETAILED PROGRAMS ARE BEING DRAWN UP AND WILL BE

SUBMITTED WHEN READY, ALTHOUGH IT IS TOO EARLY TO GIVE A TOTAL ESTIMATE OF WHAT THE U.S. SHARE WILL EVENTUALLY BE.

--THE REQUIREMENTS FOR GUATEMALAN RECONSTRUCTION RE-
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INFORCE THE IMPORTANCE OF OBTAINING A.I.D. APPROPRIATIONS OVER THE NEXT THREE TO FOUR YEARS ON A SUFFICIENT AND TIMELY BASIS.

UNQUOTE. KISSINGER

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